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GOVERNMENT OF TRAVANCORE-COCHIN

FINANCE DEPARTMENT

NOTIFICATION

No. Fin.(W|M)2-21308|56.

Dated, Trivandrum, the 10th August 1956.

Four per cent Travancore-Cochin State Development Loan, 1968 issued at Rs. 99-4-0 per cent and redeemable at par on 3rd September, 1968.

1. *Object.* The proceeds of the loan will be used for the repayment of the 3 1|2 per cent Travancore Government loan, 1956 (outstanding liability Rs. 44 lakhs) and for meeting the capital outlay on development schemes undertaken under the Second Five Year Plan.

2. *Security for loan.* In accordance with Article 293(1) of the Constitution of India, the loan will be secured on the Consolidated Fund of the Government of Travancore-Cochin.

The consent of the Government of India has been obtained to the floatation of this loan as required by Article 293(3) of the Constitution of India.

3. *Description.* The loan will be briefly described as the 4 per cent Travancore-Cochin State Development Loan, 1968.

4. *Amount of issue.* The amount of the loan will be Rupees 200 lakhs.

5. *Issue price.* The issue price will be Rs. 99-4-0 for every Rs. 100 of the loan applied for.

6. *Subscriptions.* Subscriptions will be received from 3rd September, 1956 to 10th September, 1956 both days inclusive. Subscriptions may be in the form of cash or of securities of the 3 1|2 per cent Travancore Government Loan, 1956. The loan will be closed without notice as soon as it appears that the total subscriptions in cash and in securities of the 3 1|2 per cent Travancore Government Loan, 1956 amount approximately to Rs. 200 lakhs and in any case not later than the close of business on 10th September, 1956. The Government reserves the right to retain subscriptions received up to ten per cent in excess of the sum of Rs. 200 lakhs.

7. *Partial allotment.* If the total subscriptions exceed the sum of Rs. 220 lakhs, partial allotment will be made to subscribers in cash. If partial allotment is made, the balance of the sum paid at the time of application will be refunded as soon as possible after allotment. No interest will be paid on the amounts so refunded.

8. *Date of repayment.* The loan will have a currency of 12 years from 3rd September 1956 and will be repaid at par on 3rd September 1968.

9. *Interest.* The loan will bear interest at the rate of 4 per cent per annum from 3rd September, 1956. Interest will be payable half yearly on 3rd March and 3rd September and will be subject to income-tax.

Refunds of income-tax will be obtainable by holders of the loan who are not liable to income-tax or who are liable to income-tax at a lower rate. An individual holder can also obtain on application a certificato from the Income-tax Officer of the District anthorising deduction of income-tax at the rate applicable in his case when tax will be deducted at that rate instead of at the maximum rate.

10. *Place of payment of interest.* Interest will be paid at any treasury or sub-treasury in the State of Travancore-Cochin and at the Public Debt Offices at Bombay, Calcutta, Delhi, Madras and Bangalore.

11. *Conversion terms.* Securities of the 3 1|2 per cent Travancore Government Loan, 1956 will be accepted *at par* in payment of subscriptions to the 4 per cent Travancore-Cochin State Development Loan, 1968.

If the cash value of the securities tendered is not an exact multiple of the issue price par cent of tha 4 per cent Travancore-Cochin State Development Loan, 1968 the tenderer will receive in cash at the time of issue of the new securities, the amount by which the value of tha loan tendered exceeds the nearest lower mnltiple of the issue price.

In addition to the interest due on securities of tba 3 1|2 par cent Travancore Government Loan, 1956 tendered for conversion, the tenderers will be paid interest at the rate of 4 per cent per annum on the amount of tha principal of such securities from 16th August, 1956 to 2nd September, 1956 inclusive, at the time of the issue of new securities.

12. *Form of securities.* The loan will be issued in the form of—

(1) Stock, the applicants for which will be given Stock Certificates, or

(2) Promissory Notes.

If no preference is stated by the applicants, the securities will be issued in the form of Promissory Notes which are transferable by endorsement.

13. *Applications for loan.* (1) Applications for the loan must be for Rs. 100, or for a multiple of that sum.

(2) Applications will be received at—

(a) the offices of the Reserve Bank of India, Bombay, Calcutta, Delhi, Madras and Bangalore,

(b) All treasuries and snb-treasnries in the State.

(3) Applications may be made in the form attached hereto (printed copies of which are avallabla at the places mentioned in sub-paragraph (2) above) or in any other form which states clearly the amount and description of the securities required, tha full name and address of the applicant and the Public Debt Office or treasury or sub-treasury at which he desires that Intarest shall be paid.

14. *Method of paying subscriptions.* Applications should be accompanied by the necessary payment in any of the forms mentioned below:—

(a) *Cash or cheque.*—Cheques tendered at offices of the Reserve Bank of India or at the treasuries should be drawn in favour of the Bank or the Treasury Officer concerned. When a cheque is tendered in payment of the application money, the security will not be issued until the amount of the cheque has been realised.

(b) *3 1/2 per cent Travancore Government Loan 1956*—Applicants who tender securities in payment must transfer such securities to Government—

(i) In the case of Stock Certificates by signing the form of transfer deed on the reverse of the Certificate before a witness;

(ii) in the case of Promissory Notes, by endorsing them in the manner Indicated below:—

"Pay to the Rajpramukh of Travancore-Cochin".

15. *Brokerage.* Brokerage will be paid at the rate of one-eighth per cent to recognised banks and brokers on allotments made in respect of applications for the loan bearing their stamp.

16. *Depreciation Fund.* The Government of Travancore-Cochin will provide in each financial year from 1957-1958 to 1967-1968 inclusive, a sum equal to 1 1/2 per cent of the total nominal amount of the loan to be used for purchasing the securities of the loan for cancellation.

17. *Sinking Fund.* The Government of Travancore-Cochin will also make such annual contributions to a Sinking Fund to be utilised towards the amortisation of their open market loans, as they may from time to time decide to be necessary.

18. *Public Debt Office.* The State Public Debt Office will be located at the Public Debt Office, Madras.

(By order of His Highness the Rajpramukh)

P. S. PADMANABHAN,
Finance Secretary.

FORM OF APPLICATION

Four Per Cent Travancore-Cochin State Development Loan, 1968.

I/We ....herewith tender Cash/Chequ
for Rs.* ....
securities of the 3½ per cent Travancore Government Loan, 1956 of the nominal value of Rs.........
and request that securities of the 4 per cent Travancore-Cochin State Development Loan, 1968 of the nominal value of Rs.......................may be issued to me/us in the form of Promissory Note (s)/Stock Certificate @ of the denominations stated below:—

.........................Promissory Notes of Rs.................each

.........................Promissory Notes of Rs.................each

.........................Promissory Notes of Rs.................each

2. I/We desire that interest be paid at..

N. B. The applicant should not write anything in this cage. The entries will be filled in by the Public Debt Office.	Initials	Date

Signature ....

Application No...

N. B. Stamp ....

Cash Received ....

Name (in full) ....

Cheque realised ....

Credited to Special Current Account ....

....

Examined ....

Cash Applications Register posted ....

Address ....

Brokerage Register posted ....

Indent No ....

....

Scrip No ....

Card No...

Voucher passed on ....

Dated September 1956

"Certified that a sum of Rs.... .... being the purchase price at Rs.........% has been credited to Government Account under the appropriate head vide chalan No.......dated..........".

....

Treasury/Sub-treasury Officer...................

Note 1. Securities tendered for conversion should be endorsed with the words 'Pay to the Rajpramukh of Travancore-Cochin' over the signature of the applicant, if they are in the form of Promissory Notes and the transfer deed on the back should be signed by him before a Witness, if they are in the form of Stock Certificates.

Note 2. Separate application should be made for each form of subscription and for each form of scrip (Stock Certificate or Promissory Note) of the New Loan required.

* Figures and words to be written here.

@ Promissory Notes will be issued in denominations of Rs. 100, Rs. 500, Rs. 1,000, Rs. 5,000, Rs. 10,000, Rs. 25,000, Rs. 50,000 and Rs. 1,00,000. State here the particular denominations required.

GOVERNMENT OF TRAVANCORE-COCHIN

FINANCE (WAYS AND MEANS) DEPARTMENT

Press Communique. *Dated 10th August 1956.*

Four per cent Travancore-Cochin State Development Loan 1968 (Financial and Budgetary position of the Government of Travancore-Cochin)

Subscriptions for the 4 per cent Travancore-Cochin State Development Loan, 1968, will be received from the 3rd September 1956 to the 10th September 1956 at the offices of the Reserve Bank of India at Madras, Bombay, Calcutta, Delhi and Bangalore and at the District Treasuries and sub-treasuries of the State. Full details in regard to the terms of the loan are contained in the Finance Department Notification No. Fin. (W|M)2-21308|56 dated the 10th August 1956 published in the Extraordinary Issue of the Travancore-Cochin Government Gazette of that date. The proceeds of the loan will be used for the repayment of the 3 1|2 per cent Travancore Government Loan, 1956 (outstanding liability Rs. 44 lakhs) and for financing the development schemes under the State's Second Five Year Plan, mainly those relating to irrigation and electricity, which are fully productive, and other schemes of lasting benefit to the State.

BUDGETARY POSITION.

2. Right up to the end of 1954-55 the transactions on 'Revenue Account' have resulted in a surplus almost every year. The accounts of the year 1955-56 reveal a small deficit of Rs. 0.74 crore. A deficit of Rs. 3.08 crores is anticipated in the Budget Estimates of the current year. These deficits are the result of the accelerated pace of development activities undertaken under the First and Second Five Year Plans. As the State had accumulated substantial surpluses in the past years, the strain on account of such deficits is not likely to be felt at all.

ASSETS AND LIABILITIES.

3. The total public debt of the Travancore-Cochin Government on the 31st March 1956 was about Rs. 18 crores of which Rs. 12.91 crores represents the loans received by the State Government from the Government of India and the balance of Rs. 5.09 crores represents open market loans raised for financing the expenditure on irrigation, electricity and other development schemes and also for re-lending to local bodies, agriculturists, etc.

Out of the total open market loans aggregating Rs. 5.09 crores, a sum of Rs. 0.22 crore is repayable by the Government of India, being their share of the State's public debt under the Federal Financial Integration Agreement. Against the balance of Rs. 4.87 crores which alone is the liability of the State Government, the total contribution made to the General Sinking Fund to the end of 1955-56 is Rs. 1.76 crores. Thus it will be seen that the provision made for the amortisation of the State's open market loans amounts to 36% of the loan

amount outstanding. A substantial portion of the Sinking Fund stands specifically invested in Government Securities and in fixed deposits with banks.

The other main interest-bearing liabilities of the Government as on 31-3-1956 amounted to Rs. 12.04 crores, as detailed below:—

	(Rs. in crores)
Savings Bank Deposits	4.65
Provident Fund Deposits	1.97
Reserve Funds of Electricity, Transport and other Commercial concerns	3.16
State Insurance Department Funds ..	2.26

The total liability on which interest is payable thus amounted to about Rs. 30 crores on 31st March 1956. The total interest charges are only about Rs. 0.82 crore per annum, against which a sum of Rs. 0.95 crore is now realised by way of interest on capital invested in Government Commercial Concerns. The net effect is thus a credit of Rs. 0.13 crore to 'Revenue Account'.

4. Against the liabilities mentioned above, the Travancore-Cochin Government own capital and remunerative assets worth about Rs. 38.78 crores as shown below:—

	Approximate value as on 31-3-1956. (Rs. in crores)
1. Irrigation, Navigation and Electricity Schemes	25.19
2. Loans and Advances made by the State Government	3.48
3. Investments in State Transport and other Government commercial undertakings	3.13
4. Shares in the Travancore-Cochin Financial Corporation and other Commercial Concerns and Banks	6.98
Total	38.78

Other investments from the cash balance held in the shape of bullion, fixed deposits in banks and Government securities at the end of 1955-56 amount to about Rs. 8.93 crores.

	(Rs. in crores)
Bullion	0.03
Fixed Deposits in Banks	0.83
Government Securities	8.07
Total	8.93

Further, Government have invested Sinking Fnnds and other ear-marked funds mainly in Government Securities. These investments amount to Rs. 1.90 crores.

5. Besides the liabilities referred to in paragraph 3 above, there are liabilities on account of various deposits received by

the Government from the public from time to time. The Government have also given guarantees to the extent of Rs. 2.3 crores to certain quasi-Government and commercial institutions as detailed below:—

Sl. No.	*Name of institution and nature of guarantee.*	*Maximum limit of amount guaranteed. (Rs. in lakhs)*
1.	Travancore Credit Bank—Debentures issued by the Bank	70.00
2.	Cochin Co-operative Land Mortgage Bank Ltd.—Debentures issued by the Bank.	49.90
3.	Indo-Mercantile Bank Ltd—Fixed deposits received from the public (Rs. 14 lakhs) and Cochin Devaswom Board (Rs. 5 lakhs).	19.00
4.	Trichur Municipality—Debentures issued by the Municipality.	6.50
5.	Travancore Bank Ltd.—Overdraft Accommodation to Sitaram Spinning and Weaving Mills Ltd., The Electrical and Allied Industries Ltd. and Messrs. F. X. Pereira Minerals, Quilon.	14.05
6.	Reserve Bank of India—Financial Accommodation given to the Travancore-Cochin State Co-operative Bank Ltd., and the Cochin Co-operative Marketing Society Ltd., Trichur.	69.00
7.	Travancore-Cochin State Co-operative Bank Ltd.—Financial accommodation given to the Sreemoolam Handloom Weavers' Co-operative Society Ltd., Trivandrum.	2.00
	Total	Rs. 230.45 lakhs

6. According to the revised estimates, 1955-56 the total assets of the Government amount to Rs. 59.56 crores against a total liability of Rs. 39.58 crores. Thus the assets exceed the liabilities by about Rs. 20 crores. Besides these assets Government also own other extensive and valuable assets in the form of buildings, lands, communications, forests etc., which go to reinforce the already sound financial position of the Government.

P. S. PADMANABHAN,
Finance Secretary.